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MONTANA LEGISLATIVE HISTORY

Chapter 471 19 89

Bill H _____ S 122 Original bill & history ✓ C

H. Committee on Taxation		S. Committee on Taxation	
Hearing Date(s) Feb 17	✓ C	Hearing Date(s) Jan 23	✓ C
Feb 20	✓ C	_____	___ C
_____	___ C	_____	___ C
_____	___ C	_____	___ C
Date Out Feb 20	✓ C	Jan 23	✓ C

Did this bill originate in an interim committee? ___ Yes ___ No

Committee _____ Report _____

Appropriation Mar 23 ✓ C

Mar 26 ✓ C

3/18	HEARING		
3/23	COMMITTEE REPORT--BILL CONCURRED		
3/27	2ND READING CONCURRED	82	2
3/28	3RD READING CONCURRED	91	2
	RETURNED TO SENATE		
4/01	SIGNED BY PRESIDENT		
4/02	SIGNED BY SPEAKER		
4/02	TRANSMITTED TO GOVERNOR		
4/07	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 359 EFFECTIVE DATE: 10/01/87		

SB 122 INTRODUCED BY CRIPPEN, BROWN, R., MAZUREK, ET AL.
PROCEDURE FOR APPEAL TO STATE TAX APPEAL BOARD -- ALLOW HEARING OFFICER
BY REQUEST OF REVENUE OVERSIGHT COMMITTEE

1/16	INTRODUCED		
1/16	REFERRED TO TAXATION		
1/16	FISCAL NOTE REQUESTED		
1/23	HEARING		
1/23	COMMITTEE REPORT--BILL PASSED AS AMENDED		
1/23	FISCAL NOTE RECEIVED NOT SIGNED BY SPONSOR		
1/27	2ND READING PASSED	50	0
1/29	3RD READING PASSED	50	0
	TRANSMITTED TO HOUSE		
2/04	REFERRED TO TAXATION		
2/17	HEARING		
2/23	COMMITTEE REPORT--BILL CONCURRED		
3/03	2ND READING CONCURRED	86	11
3/03	REREFERRED TO APPROPRIATIONS		
3/23	HEARING		
3/27	COMMITTEE REPORT--BILL CONCURRED AS AMENDED		
3/28	2ND READING CONCURRED AS AMENDED	78	0
3/30	3RD READING CONCURRED	98	0
	RETURNED TO SENATE WITH AMENDMENTS		
4/03	2ND READING AMENDMENTS CONCURRED	50	0
4/04	3RD READING AMENDMENTS CONCURRED	48	1
4/08	SIGNED BY PRESIDENT		
4/10	SIGNED BY SPEAKER		
4/10	TRANSMITTED TO GOVERNOR		
4/15	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 471 EFFECTIVE DATE: 4/15/87		

SB 123 INTRODUCED BY HARDING, VAUGHN
REGISTER OF CANDIDATES OPTIONAL

1/16	INTRODUCED		
1/16	REFERRED TO STATE ADMINISTRATION		
1/19	HEARING		
1/20	COMMITTEE REPORT--BILL PASSED		
1/23	2ND READING PASSED	48	0
1/26	3RD READING PASSED	50	0
	TRANSMITTED TO HOUSE		
2/04	REFERRED TO STATE ADMINISTRATION		
3/05	HEARING		
3/05	COMMITTEE REPORT--BILL CONCURRED		
3/07	2ND READING CONCURRED	88	0

SENATE BILL NO. 122

INTRODUCED BY CRIPPEN, B. BROWN, MAZUREK, KOLSTAD

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

IN THE SENATE

JANUARY 16, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
JANUARY 23, 1987	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
JANUARY 24, 1987	PRINTING REPORT.
JANUARY 27, 1987	SECOND READING, DO PASS.
JANUARY 28, 1987	ENGROSSING REPORT.
JANUARY 29, 1987	THIRD READING, PASSED. AYES, 50; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 4, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
FEBRUARY 23, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 3, 1987	SECOND READING, CONCURRED IN.
	ON MOTION, TAKEN FROM THIRD READING AND REREFERRED TO COMMITTEE ON APPROPRIATIONS.
MARCH 27, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 28, 1987	SECOND READING, CONCURRED IN AS AMENDED.

MARCH 30, 1987 — THIRD READING, CONCURRED IN.
AYES, 98; NOES, 0.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 3, 1987 — RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS CONCURRED IN.

APRIL 4, 1987 — THIRD READING, AMENDMENTS CONCURRED IN.

SENT TO ENROLLING.

Senate BILL NO. 122

INTRODUCED BY Cripps Bob Brown Hargrove Keenan

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE PROCEDURE FOR APPEALING COUNTY TAX APPEAL BOARD DECISIONS TO THE STATE TAX APPEAL BOARD; ALLOWING THE STATE TAX APPEAL BOARD TO USE A HEARINGS OFFICER; PERMITTING A TAPE RECORDED RECORD IN LIEU OF A TRANSCRIPT OF A HEARING; AMENDING SECTIONS 15-2-301 AND 15-15-103, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-2-301, MCA, is amended to read:

"15-2-301. Appeal of county tax appeal board decisions. (1) The county tax appeal board shall mail a copy of its decision to the taxpayer and to the property assessment division of the department of revenue. Any person or the department ~~of revenue~~ in behalf of the state or any municipal corporation aggrieved by the action of ~~any~~ the county tax appeal board may appeal to the state board by filing with the ~~county~~ state tax appeal board a notice of appeal ~~and a duplicate thereof with the state board~~ within ~~20~~ 30 calendar days after the ~~receipt~~ date of the decision of the county board, which notice shall specify the action complained of and the reasons assigned for such complaint. ~~The county tax appeal boards shall mail their decisions to the property assessment division of the department. Receipt for purposes of appeal by the department is when the county tax appeal board decision is received by the property assessment division of the department.~~ Notice of acceptance of an appeal must be given to the county tax appeal board by the state tax appeal board. The state board shall set such appeal for hearing either in its office in the capital or such county seat as the board considers advisable to facilitate the performance of its duties or to accommodate parties in interest and shall give to the appellant and to the ~~county board~~ respondent at least 15 calendar days' notice of the time and place of such hearing.

(2) At the time of giving ~~such~~ notice of acceptance of an appeal, the state board may require the county board to certify to it the minutes of the proceedings resulting in such action and all testimony taken in connection therewith. The state board may, in its discretion, determine the appeal on such record if all parties receive a copy of the transcript and are permitted to submit additional sworn statements, or the state board may hear further testimony.

(3) The board may employ as a hearings officer a person with legal training, appraisal experience, or experience as a member of a tax appeal board. However, a

INTRODUCED BILL
SB 122

member of a county tax appeal board may not serve as hearings officer in a matter that he heard as a member of the county board. For the purpose of expediting its work, the state board may refer any ~~such~~ appeal to one of its members or to a hearings officer and the person so designated shall have and exercise all the powers of the board in conducting such hearings and shall, as soon as possible thereafter, report the proceedings, together with a transcript ~~of the testimony received~~ or a tape recording of the hearing, to the board, and the state board shall determine such appeal on the record so made.

~~(3)~~(4) On all hearings at county seats throughout the state, the state board or the ~~member~~ person designated to conduct a hearing may employ the local court reporter or other competent stenographer to take and transcribe the testimony received and the cost thereof may be paid out of the general appropriation for the board.

~~(4)~~(5) In connection with any appeal under this section, the state board shall not be bound by common law and statutory rules of evidence or rules of discovery and may affirm, reverse, or modify any decision. The decision of the state tax appeal board shall be final and binding upon all interested parties unless reversed or modified by judicial review. To the extent this section is in conflict with the Montana Administrative Procedure Act, this section

shall supersede that act. The state tax appeal board may not amend or repeal any administrative rule of the department. The state tax appeal board must give an administrative rule full effect unless the board finds any such rule arbitrary, capricious, or otherwise unlawful."

Section 2. Section 15-15-103, MCA, is amended to read:

"15-15-103. Examination of applicant -- failure to hear application. (1) Before the county tax appeal board grants any application or makes any reduction applied for, it must examine on oath the person or agent making the application, touching the value of the property of each person. No reduction must be made unless such person or agent makes an application, as provided in 15-15-102, and attends and answers all questions pertinent to the inquiry. The testimony of all witnesses upon such hearing must be taken in shorthand or by stenotype or electronically recorded and preserved for 1 year. If the decision of the county tax appeal board is appealed, all testimony must be transcribed or otherwise reduced to writing and forwarded, together with all exhibits, to the state tax appeal board. The date of hearing, the proceedings before the board, and the decision must be entered upon the minutes of the board, and the board shall notify the applicant of its decision by ~~registered or certified~~ mail within 3 days thereafter. A copy of the minutes of the county tax appeal board must be

transmitted to the state tax appeal board no later than 3 days after the board holds its final hearing of the year.

(2) If a county tax appeal board refuses or fails to hear a taxpayer's timely application for a reduction in valuation of property, except that listed in 15-2-302, the taxpayer's application is considered to be granted on the day following the board's final meeting for that year. The county treasurer shall enter the appraisal or classification sought in the application in the assessment book."

NEW SECTION. Section 3. Extension of authority. Any existing authority of the state tax appeal board to make rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 4. Effective date. This act is effective on passage and approval.

-End-

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB122, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:
An act revising the procedure for appealing county tax appeal board decisions to the state tax appeal board; allowing the state tax appeal board to use a hearings officer; permitting a tape recorded record in lieu of a transcript of a hearing;amending sections 15-2-301 and 15-15-103, MCA; and providing an immediate effective date.

ASSUMPTIONS:
1. Using staff attorneys from Agency Legal Services Bureau, Department of Justice for the more complex hearings. 30 days of hearing, average 10 appeals per day.
2. Using qualified non-attorneys as hearing officers. 50 days of hearings, average 10 appeals per day.
3. Using contracted secretarial services to assist the hearings officers.

FISCAL IMPACT:

	FY88	FY89
Additional General Fund Expenditures:	$62,940	$62,940

David L Hunter DATE 1/22/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

DATE 1/23/87
BRUCE CRIPPEN, PRIMARY SPONSOR

Fiscal Note for SB122, as introduced.

SB 122

to the taxation on boats, he feels they should pay taxes on the boat where the boat is located. If the property is getting public protection, paid for by the taxpayers in that area, then it is appropriate to be taxed there. He said he is trying to make everybody live under the same rules instead of handling it one way here and another way there.

Hearing closed on SB 63.

CONSIDERATION OF SB 122: Senator Crippen, Senate District 45, presented this bill to the committee. He said this bill was recommended at the request of the Revenue Oversight Committee to address a problem that has arisen because of the recent statewide reappraisal. There are a great number of appeals as a result of the reappraisal and there presently is a problem hearing the appeals. The major first change in the language in the bill is on line 24, page 1, which provides that any party affected by the decision of the County Tax Appeal Board has 30 days from the date of decision to appeal instead of 20 days. The second change is on page 2, lines 6-8, which sets up a mechanism where a hearings officer may be hired and appointed by the Tax Appeal Board to serve as a hearings officer in looking at appeals from County Tax Appeal Boards. The appointed hearings officer will hear the appeal and provide a transcript or tape recording to the State Tax Appeal Board. It is felt this mechanism will greatly expedite the large number of appeals throughout the state. Page 4, line 24, is amended to eliminate the requirement for a registered or certified letter advising the applicant of the decision. It was felt that to simply mail the decision would be sufficient as the certified letter route was becoming very expensive. The effective date of this bill would be on passage and approval.

PROPONENTS: Bob Raundal, Chairman, State Tax Appeals Board, gave testimony in support of this bill. He said we are in a dilemma. We have 2,371 appeals filed as of the first of the week and will have heard 624 by the end of this month. Last week we heard 67 appeals and this week we are writing decisions and hearing no appeals. While we were gone last week 93 additional appeals were filed. We are still losing ground. He would expect they will get up around 3,000 before the year is over. Without the requirement of registered mail, we would save $1.67 per decision that is mailed out. He furnished the committee with a fiscal note and estimate request for this bill which is attached as Exhibit 3.

Dennis Burr, Montana Taxpayers Association, gave testimony in support of this bill. He said the State Tax Appeal Board has to get their decisions out quickly to maintain credibility. The Board cannot physically do the job that they have to do and the amendment or new language at the bottom of page two is essential in this regard.

Bob Helding, representing the Montana Association of Realtors, gave testimony in support of this bill. He said this bill is essential to get this problem taken care of in a timely manner.

OPPONENTS: None.

Greg Groepper, Administrator, Property Assessment Division, Department of Revenue, presented technical comments to the committee. They would prefer that the bill revert back to the original language on page 1, line 24 to say "after the receipt of the decision" instead of "after the date of the decision". This would take care of the problem if the decision is not received and the appeal deadline runs out. He thinks the 30 days from the date of receipt is appropriate in light of the mail change. This will give them a little more opportunity to insure that their appeal is legitimate before filing.

QUESTIONS FROM THE COMMITTEE: Senator Crippen asked Greg Groepper who makes the decision to appeal.

Greg Groepper said the final decision to appeal is his responsibility.

Senator Crippen said there is a problem in Yellowstone County where the taxpayers say that the assessment appraiser has adopted a sort of stick it in your ear attitude.

Greg Groepper said there is a policy out in the field on what we will appeal but the decision to make an appeal to the State Tax Appeal Board rests with him. There is a general guideline in making appeals. Given the volume of appeals, he has not been able to go through each appeal within the deadline. If there is a doubt as to whether there should be an appeal, they will file and then review the appeal before going to hearing. He said we have a statutory responsibility to put everybody on the same footing at the same date.

Senator Crippen said he thinks the posture has been adopted by a number of people in the field that has nothing to do with how assessments are handled from one county to another. If the regulations of the Department are construed in Cascade County to provide one thing, that has no basis at all to the people in Yellowstone. They are free to determine how they are going to interpret regulations. He sees a great inconsistency. He asked Mr. Groepper how they were handling that.

Mr. Groepper said he will readily admit that he thinks some people in the field have this kind of God-like complex. He said we have done a couple of things and plan to do a couple more to address this. We have reorganized the Division to get more persons from Helena out in the field to make sure those people are applying laws the same way. It is unfortunate that all this comes when we are trying to scale back government and we are trying to do a better job with what we have.

Senator Halligan asked Mr. Groepper what he would consider substantive in an appeal.

Mr. Groepper said most of the appeals deal with problems with the land values and the loss of agricultural designation. If you have a receipt of $1500 for grain and somebody at the county level thought that really wasn't worth $1500, then that is something that we should be appealing. That is a judgment on farm income or not farm income, not a question of whether you did comply with the law or did not comply with the law.

Senator Eck asked if we could look at changes in reassessment to consider whether market value is really uniform across the state. In some counties real estate has really dropped.

Mr. Groepper said he thinks there are more counties in Montana than not where the value on real property has decreased since 1982. He said we could address that by taking off so much of a percent of market value, take 60% of market value as the assessed value. We could also start at the other end and exempt a portion of the property value from property tax.

Senator Severson asked if they were getting a greater number of appeals from counties that got large increases as far as residential property. The increases range from 33% to 45%.

Mr. Groepper said we are getting more appeals in the land issue than anything else. The buildings have not been as much the issue as land value. He said the people do not have confidence in the tax system and we need to take some action to make that system credible.

Senator Lybeck feels it is essential that we mail the decision certified mail to insure that the taxpayer is notified of the decision.

Bob Raundal furnished the committee with a copy of an acknowledgement that is mailed out with the decision to insure that the decision is received. See attached Exhibit 4.

Senator Crippen closed by stating there will be a lot of appeals and this is essential for the Board to address those appeals. He has no problem with the change requested by the Department of Revenue.

Hearing closed on SB 122.

DISPOSITION OF SB 122: Senator Eck would move that "receipt" be reinserted in the bill on page 1, line 24, and "date" be stricken. The motion carried with committee members present. Senators Mazurek and Halligan were not at the hearing.

Senator Crippen moved that SB 122 DO PASS AS AMENDED. The motion carried with committee members present. Senators Mazurek and Halligan were not at the hearing.

FURTHER CONSIDERATION OF SB 63: Jim Lear reviewed the amendments presented to the committee on this bill. See attached Exhibit 5.

Senator Crippen would move the amendments proposed by Senator Gage be incorporated in SB 63.

The motion carried with committee members present. Senators Mazurek and Halligan were absent.

Senator Eck has some concern with the effective date.

Mr. Groepper said we have a problem changing something in this tax year. If it is already in the tax base, then they are expecting that revenue. This can impact the revenue for this year.

Senator Eck said she is satisfied that they will not

ROLL CALL

TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987 Date 1-23-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER	✓		
SENATOR MAZUREK			✓
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

PLEASE NOTE: IF THIS PROPOSED LEGISLATION IS PASSED, FY87 WOULD BE IMPACTED, AS HEARING OFFICERS WOULD BEGIN THEIR WORK AS EARLY AS MARCH 1987. THEREFORE, WE WOULD ASK THAT THIS APPROPRIATION WOULD BE AVAILABLE IN FY87, FY88 AND FY899 AS NEEDED.

Assumptions Used in Obtaining Estimates
and Derivation of Estimates:

HIRING OF ATTORNEYS AS HEARING OFFICERS

Estimates compiled through consultation with the following sources:

Office of the Attorney General (AG)
Department of Natural Resources and Conservation (DNRC)
Department of Social and Rehabilitative Services (SRS)

The Office of the Attorney General charges $45 an hour for the services of their staff attorneys as hearing officers for all the hours involved.

DNRC uses in-house attorneys, contracted attorneys, or in-house technical people. They pay up to $65 per hour for contracted attorneys, and their in-house, non-attorney hearing officers are most classfied as grade 15 and paid approximately $15 per hour.

SRS uses in-house attorneys and non-attorneys. Again, all non-attorneys are basically paid at a grade 15 level.

Using attorneys as hearing officers for the more complex hearings would involve the following expenditures:

$45 per hour attorney fee times eight hours equals $360 per day.

$8.50 per hour for secretarial help times eight hours equals $68 per day for secretarial services.

Assuming one day of actual hearing of appeals, plus two days of preparation for hearing and preparation of records, including proposed findings of fact and conclusions of law, or three days times the $360 cost per day for an attorney serving as a hearing officer equals $1,080.

To this must be added 2 days of secretarial help (one day of hearings and one day typing record of hearing). $68 per day times two days equals $136.

Adding the $1,080 for the attorney's fees plus the $136 for secretarial help equals $1,216.

Assuming that 10 appeals could be heard in one days' hearings, dividing the figure of $1,216 by 10 appeals equals an approximate cost of $120 per hearings held in Helena.

Hearings held outside of Helena would have to include mileage and meal reimbursement.

30 days of hearings by a contracted attorney, plus secretarial services, times $1,216 equals $36,480.

HIRING QUALIFIED NON-ATTORNEYS AS HEARING OFFICERS

Using $100 per day as a base figure at a grade 15 salary, and assuming three and one-half days of hearing (one day for actual hearing, 2 1/2 days preparing for hearing, travelling, and preparing record.) gives $350.

To this must be added the $136 for two days of secretarial help for a total of $486 ($350 plus $136).

Again, assuming that 10 appeals could be heard in one day of hearings and rounding the $486 up to approximately $500:

$500 divided by 10 equals $50 per hearing without per diem

50 days of hearings times $500 equals $25,000

SENATE TAXATION
EXHIBIT NO. 3
DATE 1-23-87
BILL NO. SB-122

ACKNOWLEDGEMENT

(MUST BE RETURNED WITHIN 5 DAYS TO THE STATE TAX APPEAL BOARD, 1209 8th Avenue, Capitol Station, Helena, Montana 59620)

I hereby acknowledge that I have received the official notification from the State Tax Appeal Board of the hearing date on Appeal(s) numbered:

SIGNATURE _____ DATE _____

SENATE TAXATION
EXHIBIT NO. 4
DATE 1-23-87

STANDING COMMITTEE REPORT

January 23, 19 87

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration SENATE BILL No. 122

first reading copy (white color)

PROCEDURE FOR APPEAL TO STATE TAX APPEAL BOARD -- ALLOW HEARING OFFICER

Respectfully report as follows: That SENATE BILL No. 122

be amended as follows:

1. Page 1, line 24.
Strike: "date"
Insert: "receipt"

AND AS AMENDED

DO PASS

~~DO NOT PASS~~

SENATOR GEORGE McCALLUM, Chairman.

Rep. Gilbert advised that federal funds requiring state matches have created the problems the state is experiencing now, and cited SRS as an example. He said HB 496 can best be described as an underground utility relief act.

Rep. Hoffman said he had a problem with the concept of creating a new state board.

Rep. Patterson stated his opposition to creating a new board, as well, and said it only represents a shifting of funds. Rep. Patterson told the Committee any job created with tax dollars is not a job.

Rep. Gilbert made a substitute motion to Table HB 496. The motion CARRIED with eight members voting aye and seven members voting no (Roll Call Vote attached).

CONSIDERATION OF SENATE BILL NO. 122: Senator Bruce Crippen, Senate District #45, told the Committee there are 13,000 appeals of property assessments, of which an estimated 3,000 will reach the State Tax Appeals Board (STAB). He said these appeals won't be adjudicated until late in 1988 and that the bill provides the mechanics to move the appeals process along on a more timely basis.

Sen. Crippen stated that on page 2, language clarifies how notice is given to the appellant and the respondent, as well as to the County and State Tax Appeals Boards. He said page 3 sets forth criteria for hearings officers, who will record and/or transcribe hearings, but will not make decisions. Sen. Crippen explained that the Board will still make determinations.

Sen. Crippen explained that page 4, line 25, eliminates the requirements that board decisions be sent via certified mail, a savings of $18,000 in mailing fees. Sen Crippen reported that he did not sign the fiscal note, as STAB Chairman, Bob Raundal, disagreed with the anticipated fiscal impact.

PROPONENTS OF SENATE BILL NO. 122: Bob Raundal, Chairman, State Tax Appeals Board, told the Committee 2,567 appeals have been filed with the Board and that 76 of those appeals have been heard thus far in February, 1987, while another 163 appeals were being filed. He said the Board has heard a total of 690 appeals to date, and advised committee members his term on the Board will expire on March 1, 1987. Mr. Raundal stated that at least two county boards will meet well into July, 1987, on 1986 appeals.

OPPONENTS OF SENATE BILL NO. 122: There were no opponents of SB 122.

QUESTIONS ON SENATE BILL NO. 122: Rep. Raney asked for a DOR opinion on SB 122. Greg Groepper, Administrator, Property Assessment Division, DOR, stated that the department had no position on the bill, but believes it is important that appellants are given timely hearings.

Rep. Gilbert asked if the supplemental request made by STAB was considerably higher than the amount reflected in the fiscal note. Bob Raundal replied that most of that supplement is $402,000 for county tax appeal boards, and that SB 122 is for hearing officers.

Rep. Hoffman asked how many hearing officers would be hired, as allowed in section 3 of the bill. Mr. Raundal replied that three persons could be hired at one time.

Rep. Sands asked what legal recourse would be used to notify taxpayers if STAB ceased to use certified mail. Mr. Raundal replied that a return receipt would be enclosed in each envelope.

Rep. Ellison advised that the water courts send a form to be signed and returned, which is followed up by a phone call.

CLOSING: Sen Crippen asked the Committee to approve SB 122 as soon as possible to provide relief to the STAB and to provide taxpayers with timely hearings.

CONSIDERATION OF HOUSE BILL 700: Rep. Dorothy Bradley, House District #79, said HB 700 would provide authority to the Montana Science and Technology Development Board to issue science and technology development seed capital fund bonds to finance technology investments. She explained the bill would create necessary funds and account and make statutory appropriations for certain funds. (Exhibit #3)

Rep. Bradley advised that Sam Hubbard had chaired this effort and that Steve Browning worked with the alliance. She said an investment of $1.2 million is required to fund the program, which would be repaid over a period of five to seven years, during which time about 1,000 would be created. Rep. Bradley stated the investment will go to private capital companies, and that the incurred debt service is a key feature. She said the worst scenario is that the permanent trust would be out $38 million ten years from now and that, in the base instance, many supporting industries would be helped. Rep. Bradley commented that there is no single answer to changing Montana's economy, but there are many small answers.

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2-17-87

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. ELLISON	✓		
REP. GILBERT	✓		
REP. HANSON	✓		
REP. HARP	✓		
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN			✓
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. SANDS	✓		
REP. SCHYE			
REP. WILLIAMS	✓		

CS-30

Rep. Keenan made a motion that HB 730 DO PASS AS AMENDED. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL NO. 743: Rep. Ellison made a motion that HB 743 DO PASS.

Rep. Keenan stated she doesn't know what the bill does, and made a motion to TABLE HB 743. The motion CARRIED unanimously.

Chairman Ramirez advised the permanent assessment on raw land would be applied against the purchase price without having to make that amount due.

DISPOSITION OF SENATE BILL NO. 122: Rep. Harp made a motion that SB 122 BE CONCURRED IN. The motion CARRIED unanimously.

DISPOSITION OF HOUSE BILL NO. 705: Rep. Hanson made a motion that HB 705 DO PASS. The motion CARRIED unanimously.

ADJOURNMENT: Chairman Ramirez advised the Property/Sales Tax Committee would meet on Tuesday, February 24, 1987, at 8 a.m. There being no further business before the Committee, the meeting was adjourned at 10:30 a.m.

Jack Ramirez

Representative Jack Ramirez,
Chairman

2-20-87

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2-20-87

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. ELLISON	✓		
REP. GILBERT	✓		
REP. HANSON	✓		
REP. HARP	✓		
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN	✓		
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM			✓
REP. SANDS	✓		
REP. SCHYE	✓		
REP. WILLIAMS			

STANDING COMMITTEE REPORT

February 20 19 87

Mr. Speaker: We, the committee on HOUSE TAXATION

report SENATE BILL NO. 122

- ☐ do pass
- ☐ do not pass
- ☒ be concurred in
- ☐ be not concurred in
- ☐ as amended
- ☐ statement of intent attached

Representative Jack Ramirez, Chairman

THIRD reading copy (BLUE color)

HB 875:

Rep. Stella Jean Hansen HB#57 said the bill is for a small appropriation each year of the biennium for a work program for the mentally ill (Exhibit 4).

Nancy Adams who runs the Montana House in Helena supported the bill stating that these jobs are very important to these people. The traditional channels for rehabilitating the mentally ill have not worked out for people. They are trying to provide the additional needs to these people to try to help the mentally ill.

There were no opponents for the bill.

QUESTIONS:

Rep. Bardanouve asked what the results of the program were. Rep. Hansen said that it give work experience and the type of training in working with other people these people need.

The hearing was closed on the bill.

SB 122: (101:A:23.05) Rep. Devlin presented the bill to the committee for Sen. Crippen. This is at the request of the Revenue Oversight Committee. It clarifies how the appeals systems works from county up to the state level. He called on Mr. Bob Raundal to address the bill.

Mr. Bob Raundal, former member of the State Tax Appeal Board said the important change at the bottom of page 4, which would give the Board the authority to hire hearing officers. This provision was also in the governor's package. The way the appeals are coming in, he sees no other way for the State Tax Appeals Board to get its work done without this hearing officer procedure. He pointed out that there was an error on the first fiscal note; it should be $61,480 for each year of the biennium. He presented Exhibit 6 in this regard.

There were no opponents of the bill.

QUESTIONS:

Rep. Bardanouve asked if there were state level hires or county level. Mr. Raundal stated they were all at the state level.

Rep. Rehberg said in executive action he will amend to put in a sunset for two years to see how it is working.

The hearing was closed on the bill.

DAILY ROLL CALL

APPROPRIATIONS COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3/23/87

NAME	PRESENT	ABSENT	EXCUSED
DONALDSON, GENE Chairman	✓		
THOFT, REP. BOB Vice Chair	✓		
WINSLOW, REP. CAL	✓		
BARDANOUVE, FRANCIS	✓		
BRADLEY, DOROTHY	✓		
CONNELLY, MARY ELLEN	✓		
DEVLIN, GERRY	✓		
IVERSON, DENNIS	✓		
MANUEL, REX	✓		
MENAHAN, RED	✓		
MENKE, LARRY	✓		
MILLER, RON	✓		
NATHE, DENNIS	✓		
PECK, RAY	✓		
POULSEN, HAROLD	✓		
QUILICI, JOE	✓		
REHBERG, DENNIS	✓		
SPAETH, GARY	✓		
SWIFT, BERNIE	✓		
SWITZER, DEAN	✓		

PLEASE NOTE: IF THIS PROPOSED LEGISLATION IS PASSED, FY87 WOULD BE IMPACTED, AS HEARING OFFICERS WOULD BEGIN THEIR WORK AS EARLY AS MARCH 1987. THEREFORE, WE WOULD ASK THAT THIS APPROPRIATION WOULD BE AVAILABLE IN FY87, FY88 AND FY899 AS NEEDED.

Assumptions Used in Obtaining Estimates
and Derivation of Estimates:

HIRING OF ATTORNEYS AS HEARING OFFICERS

Estimates compiled through consultation with the following sources:

Office of the Attorney General (AG)
Department of Natural Resources and Conservation (DNRC)
Department of Social and Rehabilitative Services (SRS)

The Office of the Attorney General charges $45 an hour for the services of their staff attorneys as hearing officers for all the hours involved.

DNRC uses in-house attorneys, contracted attorneys, or in-house technical people. They pay up to $65 per hour for contracted attorneys, and their in-house, non-attorney hearing officers are most classfied as grade 15 and paid approximately $15 per hour.

SRS uses in-house attorneys and non-attorneys. Again, all non-attorneys are basically paid at a grade 15 level.

Using attorneys as hearing officers for the more complex hearings would involve the following expenditures:

$45 per hour attorney fee times eight hours equals $360 per day.

$8.50 per hour for secretarial help times eight hours equals $68 per day for secretarial services.

Assuming one day of actual hearing of appeals, plus two days of preparation for hearing and preparation of records, including proposed findings of fact and conclusions of law, or three days times the $360 cost per day for an attorney serving as a hearing officer equals $1,080.

To this must be added 2 days of secretarial help (one day of hearings and one day typing record of hearing). $68 per day times two days equals $136.

Adding the $1,080 for the attorney's fees plus the $136 for secretarial help equals $1,216.

Assuming that 10 appeals could be heard in one days' hearings, dividing the figure of $1,216 by 10 appeals equals an approximate cost of $120 per hearings held in Helena.

Hearings held outside of Helena would have to include mileage and meal reimbursement.

30 days of hearings by a contracted attorney, plus secretarial services, times $1,216 equals $36,480.

HIRING QUALIFIED NON-ATTORNEYS AS HEARING OFFICERS

Using $100 per day as a base figure at a grade 15 salary, and assuming three and one-half days of hearing (one day for actual hearing, 2 1/2 days preparing for hearing, travelling, and preparing record.) gives $350.

To this must be added the $136 for two days of secretarial help for a total of $486 ($350 plus $136).

Again, assuming that 10 appeals could be heard in one day of hearings and rounding the $486 up to approximately $500:

$500 divided by 10 equals $50 per hearing without per diem

50 days of hearings times $500 equals $25,000

HB 38: Rep. Menahan moved to take HB 38 from the table and place it on second reading this day. He then moved to DO PASS HB 38. Subsequently, he withdrew his motions.

Ms. Feaver expressed concern with the scored procedures in the bill stating that the bill would hurt the veterans preference.

HB 599: Rep. Swift presented a funding report to the committee for their consideration (Exhibit 3). This would take $50,000 of general fund and $25,000 of Fish, Wildlife, and Parks monies for the Biological station at Yellow Bay.

Mr. Jim Flynn, Director of Fish, Wildlife and Parks stated he was concerned about the proposal as it may jeopardize federal funds coming in to his department. He stated they may not have enough use of the station to warrant spending $25,000 on it. There may be a problem with the federal government, they may feel this would not fall under the categories where the money could be paid. He felt the money should be taken out of general fund and private funds. If it were to come out of the Fish, Wildlife, and Parks budget, then it should come out 95 percent out of parks, and 5 percent out of license fees.

(108:B:7.20) Rep. Mercer stated that some work is currently being done for Fish, Wildlife and Parks now, and there is also duplication being done. He felt this could benefit the department.

(108:B:19.35) Rep. Swift moved to accept the $50,000 of general fund and $25,000 from Fish, Wildlife and Parks with the bill being amended in the title, line 5 following fund, and Fish, Wildlife, and Parks funds to University of Missoula (Exhibit 4). Rep. Peck called the question. Rep. Thoft Abstained from voting. Reps. Bardanouve, Devlin, Menahan, Bradley, and Menke voted NO. The motion CARRIED.

Rep. Swift moved to DO PASS as AMENDED HB 599. Rep. Quilici called the question. Reps. Bardanouve, Devlin, Menke, Menahan voted NO. The motion CARRIED.

HB 882: Rep. Bardanouve moved to TABLE HB 882. Rep. Quilici called the question. Reps. Bradley, Peck, and Connelly voted NO. The motion CARRIED.

SB 122: (108:B:29.35) Rep. Rehberg moved the addition to the Tax Appeal Board of an additional hearings officer with a sunset date of July 1, 1989 and up to a backlog of 1,000 reviews to trigger that addition; plus insert the previous law into the bill language. Rep. Peck called the question. Rep. Bardanouve voted NO. The motion CARRIED.

Rep. Rehberg moved to DO PASS AS AMENDED SB 122. Rep. Peck called the question. The motion CARRIED unanimously.

ADJOURNMENT:

There being no further business the meeting was adjourned at 11:00 a.m.

Rep. Gene Donaldson, Chairman

DAILY ROLL CALL

APPROPRIATIONS COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3/26/87

NAME	PRESENT	ABSENT	EXCUSED
DONALDSON, GENE Chairman	✓		
THOFT, REP. BOB Vice Chair	✓		
WINSLOW, REP. CAL	✓		
BARDANOUVE, FRANCIS	✓		
BRADLEY, DOROTHY	✓		
CONNELLY, MARY ELLEN	✓		
DEVLIN, GERRY	✓		
IVERSON, DENNIS			
MANUEL, REX	✓		
MENAHAN, RED	✓		
MENKE, LARRY	✓		
MILLER, RON	✓		
NATHE, DENNIS	✓		
PECK, RAY	✓		
POULSEN, HAROLD	✓		
QUILICI, JOE	✓		
REHBERG, DENNIS	✓	[illegible]	
SPAETH, GARY			
SWIFT, BERNIE	✓		
SWITZER, DEAN	✓		

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